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February 9, 2004

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Commissioner Kristin K. Mayes  
Arizona Corporation Commission  
DOCUMENT CONTROL

DEC #66341

1200 W. Washington

Phoenix, Arizona 85007-2996

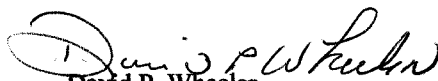
Dear Commissioner Mayes:

The continuing rise in heating cost in Prescott is disturbing. Since UniSource Energy Services (UES) became our natural gas provider, the basic cost per thermo unit has increased from .4414 to .7004 (58% ), a surcharge of .1155 per thermo unit imposed and the customer charge rate rose from \$5.00 to \$7.00 (40%). However, UES has decreased the Purchased Gas Adjustment (PGA) from .3258 to .07 (45.4%) per unit used as well as limiting the surcharge assessment to 154 thermo units.

The additional surcharge and reduction in purchased gas adjustment costs offset the original expense being paid for PGA before the reduction. The 58% basic cost increase along with the 40% hike in per customer charge is a bit much. It is difficult to believe that a 58% basic cost increase is justified. These increases easily equate to additional revenues of well over \$30 million. It appears to me that UES's 126,000 gas customers are being gauged.

Enclosed is a natural gas heating cost analysis of my home. This analysis compares the first six month period service (2003) by UES to the six month period a year earlier (2002) while gas service was provided by Citizens Gas Company. Although my total thermo usage was reduced by an overall 2.6% (12 units), the total gas heating cost rose by 50.37% or \$157.80.

Sincerely,

  
David P. Wheeler


1 Enclosure

cc: UniSource Energy Services

Arizona Corporation Commission

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# ARIZONA GAS

## CITIZENS GAS

| DATE         | Basic Cost | PGA Cost | Surcharge | CCF Used | Am't Bill |
|--------------|------------|----------|-----------|----------|-----------|
| Aug-02       | 0.4414     | 0.3435   | 0         | 25       | \$27.21   |
| Sep-02       | 0.4414     | 0.3435   | 0         | 19       | \$22.02   |
| Oct-02       | 0.4414     | 0.3435   | 0         | 28       | \$29.81   |
| Nov-02       | 0.4414     | 0.3435   | 0         | 60       | \$57.55   |
| Dec-02       | 0.4414     | 0.2216   | 0         | 135      | \$57.55   |
| SUB TOTAL    |            |          |           |          | \$194.14  |
| CITIZENS GAS |            |          |           |          |           |
| Jan-03       | 0.4414     | 0.1174   | 0         | 184      | \$119.15  |
| Feb-03       | 0.4414     | 0.1174   | 0         | 137      | \$90.12   |
| Mar-03       | 0.4414     | 0.2216   | 0         | 124      | \$96.36   |
| Apr-03       | 0.4414     | 0.3258   | 0         | 79       | \$72.50   |
| May-03       | 0.4414     | 0.3258   | 0         | 50       | \$47.92   |
| Jun-03       | 0.4414     | 0.3258   | 0         | 31       | \$31.81   |
| Jul-03       | 0.4414     | 0.3258   | 0         | 16       | \$19.11   |
| SUB TOTAL    |            |          |           |          | \$476.97  |
| TOTAL        |            |          |           |          | \$671.11  |

## UNISOURCE ENERGY SERVICES

| DATE         | Basic Cost | PGA Cost | Surcharge | CCF Used | Usage Dif | Am't Bill | Difference |
|--------------|------------|----------|-----------|----------|-----------|-----------|------------|
| Aug-03       | 0.4414     | 0.3258   | 0         | 31       | 6         | \$31.84   | \$4.63     |
| Sep-03       | 0.7004     | 0.1778   | 0         | 26       | 7         | \$32.54   | \$10.52    |
| Oct-03       | 0.7004     | 0.0651   | 0.1155    | 26       | -2        | \$33.04   | \$3.23     |
| Nov-03       | 0.7004     | 0.0723   | 0.1155    | 43       | -17       | \$49.98   | -\$7.57    |
| Dec-03       | 0.7004     | 0.0729   | 0.1155    | 143      | 8         | \$144.97  | \$87.42    |
| SUB TOTAL    |            |          |           |          | 2         | \$292.37  | \$98.23    |
| CITIZENS GAS |            |          |           |          |           |           |            |
| Jan-04       | 0.7004     | 0.1043   | 0.1155    | 170      | -14       | 178.72    | \$39.57    |
| Feb-04       |            |          |           |          |           |           |            |
| Mar-04       |            |          |           |          |           |           |            |
| Apr-04       |            |          |           |          |           |           |            |
| May-04       |            |          |           |          |           |           |            |
| Jun-04       |            |          |           |          |           |           |            |
| Jul-04       |            |          |           |          |           |           |            |
| SUB TOTAL    |            |          |           |          |           | 170       |            |
| TOTAL        |            |          |           |          |           | 439       |            |

## NOTES:

August 2003, Unisource Energy Services (UES) first billing cycle  
From Sep 2003 to December 2003, UES raised the Basic  
Cost by 58% from .4414 to .7004, reduced PGA Cost by 45.4%  
from .3258 to .07 while adding a Surcharge of .1155 and  
increasing the Customer Charge from \$5.00 to \$7.00.

Although reducing the natural gas consumption by 12 CCF,  
our total utility cost increased by \$157.80 from the same six  
month period a year ago. (50.37% increase)

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